



Letter of Comment No: 110  
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Financial Accounting Standards Board  
401 Merrit 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Via e-mail: [director@fasb.org](mailto:director@fasb.org)

**File Reference No. 1125-001**  
**Principles-based Approach to U.S. Standard Setting Proposal**

Ladies and Gentlemen,

SunTrust Banks, Inc. (SunTrust) appreciates the opportunity to comment on the proposal relating to principles-based accounting.

SunTrust, headquartered in Atlanta, Georgia is one of the nation's largest commercial banking organizations. The company operates through an extensive distribution network in Alabama, Florida, Georgia, Maryland, Tennessee, Virginia and the District of Columbia and also serves customers in selected markets nationally. SunTrust's primary businesses include deposit, credit, trust, and investment services. Through various subsidiaries, the company provides credit cards, leasing, mortgage banking, insurance, brokerage and capital market services.

SunTrust supports promulgation of accounting standards, which will ensure the financial statements reflect the economic substance of transactions. Highly publicized accounting scandals highlight many instances where the form of a transaction is the basis of accounting. In recent years, statements issued by the Board, such as FAS 140, have promoted accounting for transactions following rules that emphasize their form rather than true substance. In response, there has been much discussion regarding a principles-based approach to standards setting. We believe that while a principles-based approach may address some past issues, we also believe an approach based solely on principles will cause other issues to emerge. Consequently, we would argue for an approach that addresses a transaction's economic substance (principles) and also addresses the need for consistency and comparability (general rules).

General rules would address significant implementation and interpretive issues. In developing the general rules for implementation, we would suggest to the Board that significant input be obtained by industry practitioners, rather than those in public accounting or academics. Ultimately, it is those who prepare financial statements day in and day out, that can truly provide valid feedback on appropriate implementation guidance. Under no circumstances would compliance with the general rules override principles. Principles would always be the overriding consideration in any transaction. The benefits to this approach would include:

- Consistency and comparability among companies when accounting for similar transactions.
- Assurance the FASB will maintain its role in setting accounting standards. Without the general rules, it is our opinion other authoritative bodies (SEC, regulators, public accounting firms, etc.) may assume a role in providing specific implementation and interpretive guidance. For example, authoritative bodies will look to find consistency in accounting among comparable industries and will develop interpretations as additional guidance. This defacto rule setting would undermine the due process required to promulgate accounting standards.

- Reduce the risk of courts setting the rules via rulings related to lawsuits.
- Implementation and interpretive guidance will be more efficient saving the accounting community resources since guidance will be generated from fewer sources.

In conclusion, the principles-based approach is an option with some benefits but it is not the only option. We support moving back to a principles driven decision making process, but this must be coupled with general rules. It is also important to keep in mind that whether it is the principles and/or rules based approach, no rule or principle will stop an unethical person from doing the wrong thing.

Thank you for taking our comments into consideration. If you have any questions regarding our comments, please feel free to contact me at any time.

Sincerely,

Jorge Arrieta  
*Senior Vice President & Controller*